Regulatory Story

Galileo Resources PLC - GLR

Final Results and Notice of AGM

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Galileo Resources PLC
07 September 2016

Galileo Resources Plc
("Galileo" or the "Company" or the "Group")

7 September 2016

Audited Results for the year ended 31 March 2016
Notice of AGM

Galileo (AIM: GLR), the exploration and development mining company, announces its audited results for the year ended 31 March 2016.

Highlights for the period under review

· On 17 November 2015 the Company acquired an interest in the Concordia Copper concession, which is situated in the Okiep district of the Northern Cape Province of South Africa. The Okiep district was at one time one of the largest copper producing provinces in the world

· The Group reported a loss of £419,627 compared to a loss of £ 10,726,785 for the comparative period last year. The loss represents 0.3p per share against the loss in 2015 of 9.4p per share

Highlights post balance sheet

· Gabbs gold-copper property in Nevada USA sold for US$2.5 million cash to a subsidiary of Waterton Precious Metals Fund II Cayman LP

· All Nevada property claim payments have been paid and the properties are in good title standing until the end of August 2017

· On 21 April 2016 executed a farm-out agreement with Orogen Gold Plc to explore on our Silverton gold project 80 km north east of Tonopah, Nevada. The agreement allows Orogen Gold Plc to carry out an exploration programme to earn a 51% interest over 18 months with Galileo having the right to match future expenditures over a further 30 months or dilute to a 25% interest

· Option to dispose of our 34% interest Glenover Phosphate (Pty) Ltd to Fer-Min-Ore for US$4 million lapsed by mutual agreement on 28 August 2016. Parties agreed to pursue several possibilities for value enhancement or sale

A copy of this announcement is available on the Company's website www.galileoresources.com The annual report, which includes the notice of AGM and Form of Proxy, is being posted to shareholders today. You can also follow Galileo on Twitter: **@GalileoResource.**

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Notice of Annual General Meeting
Notice is hereby given that the Annual General Meeting of Galileo will be held at at Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG on 29 September 2016 at 11:00 a.m.

Chairman's Report

Dear Shareholder,

On 17 November 2015 we acquired an interest in the Concordia concession which is situated in the Okiep district of the Northern Cape. The Okiep district was one of the largest copper producing provinces in the world until the mid-1920's receiving a revival during the Second World War. Sporadic operations existed thereafter until deep mines were either exhausted or depleted. No significant mining has been carried out during this century since the model for production was deep underground/high grade. The last 20 years of copper mining has seen the average global mine copper grade drop from 1.3% to 0.6% with large open pits replacing deep underground mines. This trend is continuing and forecasters are predicting that the average mine head grade will decrease even further. The Okiep district has never been seriously investigated for open pit possibilities. Galileo commissioned independent modelling of historical data and came to the conclusion that significant potential exists for a world class, mid-grade, open pit copper mine. The Company has made several announcements concerning various areas within the concession all of which have been positive and supports our proposition. The Operations Report covers Concordia in detail and contains a table which gives us a sizeable target which is growing the more work we do. On 21 April 2016, we announced that we had entered into a farm-out agreement with Orogen Gold Plc for them to explore on our Silverton gold project 80 km north east of Tonopah, Nevada. The agreement allows Orogen Gold Plc to carry out an exploration programme to earn a 51% interest over 18 months. Galileo has the right to match future expenditures over a further 30 months or dilute to a 25% interest. The joint venture is detailed in the Operations Report.

Our 34% interest in the Glenover phosphate project has been under option to Fer-Min-Ore for the period under review and up until this report. Potential purchasers have been conducting due diligence and test work to determine suitability of the product for their processes. Whilst significant progress has been made, Fer-Min-Ore have yet to receive a firm offer consistent with their option arrangement.

On 30 August 2016 we announced that the option would lapse and we would work with Fer-Min-Ore to pursue two possibilities for value enhancement or sale. The Nevada claim payments have all been paid and the properties are in good title standing until the end of August 2017. The North American resource investment market has improved dramatically resulting in a renaissance in Nevada and corporate interest in our properties. Nevada is seen as very prospective for both copper and gold and mid-tier mining companies are seeking to boost their metal inventories while junior companies are seeking prospective targets in reliable jurisdictions, such as Nevada. All of this has resulted in Galileo considering corporate activities around some or all of its Nevada interest.

On 30 August 2016 we announced that we have sold the Gabbs claims for USD2.5 million to a subsidiary of Waterton Precious Metals Fund II Cayman LP. Funds have been deposited in our bank.

On a more general note there appears to be a strengthening in junior mining markets as well as more developed company markets with some majors showing real gains. This trend is forecasted to continue with the resource sector gaining new favour relative to the fortunes of other sectors. The fundamentals for copper, whilst only moderately improving during the year, show long term positive sentiment. The previous three years have seen exploration budgets slashed and new mine development plans shelved.
This inevitably will lead to a shortfall in supply when new supply is most needed towards 2020. This will result in the usual reassessment of favourable exploration projects and should put Galileo in a strong position over the coming years.

There is general analyst consensus that the demand for copper will double by 2030, which in my opinion puts enormous pressure on the requirement for new sizeable discoveries. The countries to operate in are Chile, Zambia, Southern Africa and North America. There has been a serious shortage of exploration expenditure and new emerging projects are very much in short supply. Development in this regard should be closely watched. The factors that dictate the demand for copper are all strong, notwithstanding the uncertainties that
geo-political risk carries. The forecast for developed markets' GDPs (Gross Domestic Product) remains robust and whilst at the moment it appears remote, this board still sees inflation around the corner which should be good for commodities in general.

The Group reported a net loss per ordinary share of 0.3 pence per share compared to a loss of 9.4 pence per share for the comparative period last year.

I would like to thank my fellow board members and small management team for their efforts during another year of consolidation, disposal and new venture acquisition. I sincerely hope that our work will, in the short and midterm, result in major increase in shareholder prospects and value.

Colin Bird
Chairman
7 September 2015

Operations Summary

South Africa
Concordia Copper Project ("Concordia")
On 14 January 2015 Galileo entered into a Cooperation and Joint Venture ("JV") Agreement ("JVA") with South African incorporated entity SHIP, in respect of the Concordia Copper Project ("Concordia") in the Okiep copper mining district, in Northern Cape Province of South Africa.

The Company's independent modelling by Minxcon Consulting (Pty) Ltd ("Minxcon") of the historical geologic drill data on Concordia, acquired through the JVA, confirmed the Company's prognosis of significant potential for copper tonnes and grade on four initial prospect areas. Post period under review, further modeling and analysis of raw historical data on seven other areas in Concordia confirmed the Company's prognosis for large-scale copper targets, of which at least five demonstrate surface mining potential. The Company has invited tenders for a programme for IP geophysics on these prospective targets with the aim of targeting areas for confirmation drilling and additional strike extension drilling in order to generate compliant Mineral Resource estimates for the Project.

USA
Silverton Property
Post period under review, the Company on 27 June 2016, concluded an Earn-In Agreement with Orogen Gold Plc ("Orogen"), in terms of which Orogen has the right to earn an initial 51% interest in Galileo's 6km² Silverton gold/silver property in Nye County, Nevada through exploration spend of USD400,000 over 18 month and may earn an additional 24% interest in the Property through a further exploration spend of USD1.5 million over a subsequent 30 month period. Colin Bird is a director and Chief Executive Officer of Orogen Gold Plc. Site visits to Silverton identified a new target with historic silver/gold workings along a cross structure. Orogen as operator commenced a focused re-mapping and sampling programme to confirm sites for an initial diamond drilling phase.

Gabbs Property
Post period under review, the Company sold the Gabbs property for USD 2.5 million (GBP1.9 million) in cash. The proceeds will allow aggressive exploration of the South African Concordia Copper project and removes the requirement in the short to mid-term for capital raising with consequent share dilution.

Ferber Property
On 21 July 2015, the Company executed two Exploration Lease and Option to Purchase Agreements to consolidate its land position at its Ferber project, through its subsidiary, St Vincent Minerals US Inc. Post period under review, the Company acquired further land position following a quitclaim by another mining company of 210 unpatented claims around the perimeter of its Ferber property.

Crow Springs Property
The Company continued to review the geologic data and finalising a property-mapping programme in order to understand better the spatial relationship of the property with the Walker Lane trend and the extent of the quartz monzonite porphyries on the property, the geochemistry of which suggests mineralisation extends beyond the outcrops of old rhyolite intrusions, These lithologies appear similar to the lithology characteristics driving the neighboring large Columbus Gold discovery.

Glenover Rare-Earth Phosphate Project ("Glenover Project")
Post period under review, the option since 28 January 2015, to dispose of the Company's ownership of 34% in Glenover Phosphate (Pty) Ltd, the holding company of the Glenover Project, Fer-Min-Ore for USD4 million cash, expired on 28 August 2016. By mutual consent, the option lapsed with the parties however, concluding that at least two specific strategic opportunities existed and there was considerable scope for value enhancement. The parties are currently preparing a strategy for the mid-term. The Department of Mineral Resources granted renewal of Glenover's prospecting right on the Glenover rare earth phosphate concession to November 2017.

CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS 31 MARCH 2016

Figures in Pound Sterling	2016	2015
Assets		
Non-current assets		
Intangible assets	2,667,062	2,487,111
Investment in joint ventures	1,868,370	2,257,137
Loans to joint ventures and subsidiaries	79,457	94,412
Other financial assets	556,078	369,543
	5,170,967	5,208,203
Current assets		
Trade and other receivables	20,453	20,321
Cash and cash equivalents	135,086	180,871
	155,539	201,192
Total assets	5,326,506	5,409,395
Equity and liabilities		
Equity		
Share capital	23,854,957	23,153,707
Reserves	155,384	520,256
Accumulated loss	(18,977,249)	(18,557,622)
	5,033,092	5,116,341
Liabilities		
Non-current liabilities		
Other financial liabilities	2,692	2,675
Current liabilities		
Trade and other payables	292,722	290,379
Total liabilities	293,414	293,054
Total equity and liabilities	5,326,506	5,409,395

These financial statements were approved by the directors and authorised for issue on 7 September 2016 and are signed on their behalf by:

Colin Bird **Andrew Sarosi**

Company number: 05679987

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

Figures in Pound Sterling	2016	2015
Revenue	-	-
Operating expenses	(435,862)	(10,772,494)
Operating loss	(435,862)	(10,772,494)
Investment revenue	48,578	49,118
Finance costs	(2)	-
Fair value adjustments	-	8,394
Loss from equity accounted investments	(32,341)	(11,803)
Loss for the year	(419,627)	(10,726,785)
Other comprehensive income:		
Foreign exchange movements for the year	(364,872)	3,208,498
Total comprehensive loss for the year	(784,499)	(7,518,287)
Loss per share in pence (basic)	(0.3)	(9.4)

All operating expenses and operating losses relate to continuing activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2016

Figures in Pound Sterling	Share capital	Share premium	Total share capital	Foreign currency Transaction reserve	Merger reserve	Share based payment reserve
Group						
Balance at 1 April 2014	4,415,359	17,188,573	21,603,932	(4,523,202)	-	787,139
Loss for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	3,208,498	-	-
Total comprehensive loss for the year	-	-	-	3,208,498	-	-
Issue of shares	1,319,778	229,997	1,549,775	-	1,047,821	-
Total contributions by and distributions to owners of Company recognised directly in equity	1,319,778	229,997	1,549,775	-	1,047,821	-
Balance at 1 April 2015	5,735,137	17,418,570	23,153,707	(1,314,704)	1,047,821	787,139
Loss for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	(364,872)	-	-
Total comprehensive loss for the year	-	-	-	(364,872)	-	-
Issue of shares	69,250	632,000	701,250	-	-	-
Total contributions by and distributions to owners of company recognised directly In equity	69,250	632,000	701,250	-	-	-
Balance at 31 March 2016	5,804,387	18,050,570	23,854,957	(1,679,576)	1,047,821	787,139

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2016

Figures in Pound Sterling	2016	2015
Cash flows from operating activities		
Cash used in operations	(459,601)	(622,455)
Interest income	45	1,420
Finance costs	(2)	-
Net cash from operating activities	(459,558)	(621,035)
Cash flows from investing activities		
Additions to intangible assets	(163,701)	(139,520)
Loans repaid/ (advanced)	14,956	(14,608)
(Sale)/ Purchase of financial assets	(138,732)	366,433
Net cash flows from investing activities	(287,477)	212,305
Cash flows from financing activities		
Proceeds on share issue	701,250	239,997
Repayment of other financial liabilities	-	2,615
Net cash flows from financing activities	701,250	242,612
Total cash movement for the year	(45,785)	(166,118)
Cash acquired	-	22,170
Cash at the beginning of the year	180,871	324,819
Total cash at end of the year	135,086	180,871

Statement of Directors' Responsibilities for the year ended 31 March 2016

· The directors are required in terms of the Companies Act 2006 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the applicable UK laws.

· The consolidated annual financial statements are prepared in accordance with International Financial reporting standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

· The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

· The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated annual financial statements support the viability of the company. the directors have reviewed the Group's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements and they are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

Colin Bird	Chairman
Andrew Francis Sarosi	Finance & Technical Director
J Richard Wollenberg	Non-Executive director
Christopher Molefe	Non-Executive Director

NOTES TO THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards IFRIC interpretations issued by the International Accounting Standards Board and the Companies Act 2006. The consolidated annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. Cost is based on the fair values of the consideration given in exchange for assets and they are presented in Pound Sterling. The accounting policies applied are consistent with those of the previous period.

The comparative figures for the financial year ended 31 March 2016 are not the Company's statutory accounts for that financial year but the consolidated accounts. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not give any reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006, relating to the accounting records of the company.

2. Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non- controlling interest. Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

3. Financial review

The Group reported a net loss of £ 419,627 (2015: £10,726,785) before and after taxation. Basic and diluted loss was 0.3 pence (2015: loss of 9.4 pence) per share.

The ZAR stood its ground against the GBP during the period under review as did the USD. The Group tightened its cost management and a significant reduction in overheads were achieved during the period under review supporting the working capital requirements of the Group. Operating expenses before impairment losses were £0.4 million compared to £0.6 million in 2015.

4. Segmental analysis

The Company's investments in subsidiaries and associates, that were operational at year-end, operate in two geographical locations being South Africa and USA, and are organised into two business units from which the Group's expenses are incurred and future revenues are expected to be earned. This being the exploration for and extraction of its mineral assets through direct and indirect holdings. The reporting on these investments to the board focuses on the use of funds towards the respective projects and the forecasted profit earnings potential of the projects. Following the acquisition of the Gabbs project the Group has another segment to report on, that being gold and copper.

Business segments

The Group's business is the exploration and development of gold, copper, rare-earth aggregates and potentially iron ore and manganese.

Geographical segments

An analysis of the loss on ordinary activities before taxation and net assets is given below:

	2016		2015	
	Loss from operating activities (£)	Country of operations	Loss from operating activities (£)	Country of operations
Rare earths, aggregates and iron ore and manganese	(32,341)	South Africa,	(11,803)	South Africa,
Gold, Copper	(44,324)	USA	(47,805)	USA
Corporate costs and impairments	(342,629)	South Africa and United Kingdom	(10,667,177)	South Africa and United Kingdom
Total	(419,294)		(10,726,785)	

5. Taxation

No provision has been made for 2016 tax as the Group has no taxable income. The estimated tax loss available for set off against future taxable income is £1,602,315 (2015: £1,518,390). The Group has not reflected a deferred tax asset in respect of the losses carried forward as the Group is not expected to generate taxable profits in the foreseeable future.

6. Earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Where there is a discontinued operation, earnings per share is determined for both continuing and discontinued operations.

Basic earnings per share was based on a loss of £419,627 (2015: loss of £10,726,785) and a weighted average number of ordinary shares of 148,691,077 (2015: 114,164,433).

	Group	
Reconciliation of loss attributable to equity holders of the parent to loss for the year:	2016	2015
Profit or loss for the year attributable to equity holders of the parent	(784,499)	(7,518,287)
Adjusted for:		
Foreign exchange differences movements during the year	364,872	(3,208,498)
Loss for the year	(419,627)	(10,726,785)
Loss per share		
Basic loss per share (pence)	(0.3)	(9.4)
	(0.3)	(9.4)
Diluted loss per share (pence)		

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Where there is a discontinued operation, diluted earnings per share is determined for both continuing and discontinued operations.

Diluted earnings per share are equal to earnings per share because there are no dilutive potential ordinary shares in issue.

7. Intangible assets

Figures in Pound Sterling	Cost/ Valuation	Accumulated depreciation	Carrying value
Group			
Exploration and evaluation asset - U.S.A.			
2016	2,667,062	-	2,667,062
2015	2,487,111	-	2,487,111

Reconciliation of intangible assets

Figures in Pound Sterling	Opening	Additions	Additions through business combinations	Foreign exchange	Impairment	Total
2016	2,487,111	163,701	-	16,250	-	2,667,062
2015	6,635,128	139,520	2,638,849	3,248,256	(10,174,642)	2,487,111

The exploration and evaluation asset is a South African Rand denominated asset. It is carried at cost adjusted for any foreign currency movements during the period under review.

8. Auditors' Report

The comparative figures for the financial year ended 31 March 2016 are not the Company's statutory accounts for that financial year but the consolidated accounts. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not give any reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006, relating to the accounting records of the company.

9. Availability of the Annual Report

This information has been extracted from the Company's Audited Annual Report for the year ended 31 March 2016, copies of which will be mailed to shareholders on 7 September 2016 and a copy will also be available to shareholders and members of the public in hard copy and free of charge, from the Company's London office at 4th floor, 2 Cromwell Place, London SW7 2JE, United Kingdom. Alternatively a downloadable version will be available from 7 September 2016 from Company's website: www.galileoresources.com.

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